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RUEHMO/AMEMBASSY MOSCOW 4672

RUEHTV/AMEMBASSY TEL AVIV 7984

RUEHKS/AMEMBASSY ALGIERS 3255

RUEHJ1/AMEMBASSY JIDDA 3283

RUEHAM/AMEMBASSY AMMAN 0303

RUEHJM/AMCONSUL JERUSALEM 7308

RUUMKM/AMEMBASSY KHARTOUM 6182

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S E C R E T CAIRO 00285 COMBINED SECTION

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E.O. 12065: RDS-1,4 1/6/02 (PRECHT, HENRY) OR-M

TAGS: PEPR, EG, US, XF

SUBJECT: CODEL PERCY MEETING WITH PRESIDENT MUBARAK:

- REGIONAL OVERVIEW

1. S - ENTIRE TEXT.

2. AT THE OUTSET OF HIS JAN 4 MEETING WITH PRESIDENT

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PAGE 002

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TOR: 061307Z JAN 82

MUBARAK, SENATOR PERCY SAID LEADERS IN EVERY ARAB COUNTRY HE HAD VISITED TEND TO VIEW EGYPT'S REAFFILIATION WITH THE ARAB WORLD AS AN IMPORTANT GOAL. EVEN PRIMIN BEGIN, HE SAID, SEES POSITIVE ELEMENTS IN SUCH A DEVELOPMENT. MUBARAK RESPONDED THAT THE ISRAELIS MUST COME TO UNDERSTAND THAT GOOD EGYPTIAN RELATIONS WITH THE OTHER ARABS ARE IN ISRAEL'S INTEREST AS MUCH AS EGYPT'S. SENATOR NOTED HE HAD BEEN SAYING PRECISELY THAT IN EVERY COUNTRY HE HAD VISITED, COUPLING WITH IT THE OBSERVATION THAT THE MIDEAST PEACE PROCESS CAN BE NEITHER COMPLETE NOR LASTING UNLESS IT EVOLVES INTO A COMPREHENSIVE PEACE. HE ASKED MUBARAK'S PERMISSION TO CONTINUE VOICING THESE VIEWS ON EGYPT'S BEHALF IN HIS FUTURE CONTACTS WITH ISRAELI AND OTHER ARAB LEADERS. (IN THIS CONNECTION, SENATOR NOTED THAT SAUDI FOREIGN MINISTER PRINCE SAUD'S RECENT CLARIFICATION OF SAG POLICY REGARDING PEACE IN THE MIDDLE EAST HAD BEEN VERY HELPFUL. MUBARAK APPEARED TO AGREE.) MUBARAK SAID HE HAD NO OBJECTION TO THE SENATOR'S TAKING THIS LINE. HE NOTED THAT SAUDI OFFICIALS WHOM HE HAD MET PREVIOUSLY IN WASHINGTON HAD ASSURED HIM OF SAG'S READINESS TO COOPERATE IN COMMERCIAL JOINT VENTURES WITH ISRAEL IN THE AFTERMATH OF A COMPREHENSIVE SETTLEMENT.

3. SENATOR SAID HE HAD FOUND MOROCCO'S KING HASSAN PLEASED AT INDICATIONS THE USG IS BEGINNING TO VIEW QADHAFI IN THE SAME LIGHT AS RABAT DOES. MUBARAK DESCRIBED EGYPTIAN-LIBYAN RELATIONS AS CALMER NOW THAN IN THE PAST. WHILE HE HAS RECEIVED "MESSAGES" THAT QADHAFI WANTS THINGS TO REMAIN THAT WAY, THE LIBYAN LEADER IS VERY UNPREDICTABLE. MUBARAK THEN REFERRED TO THE REAGAN ADMINISTRATION'S DECISION TO WITHDRAW AMERICAN PETROLEUM EXPERTS FROM LIBYA, ASKING WHETHER IT MIGHT PROMPT QADHAFI TO IMPORT REPLACEMENTS FROM THE SOVIET UNION AND THE EASTERN BLOC. IF IT DOES, SAID MUBARAK, IT WOULD BE A "DISASTER FOR THE WHOLE AREA"; IT WOULD GIVE THE SOVIETS NOT ONLY CONTROL OF A WORLD-CLASS OIL INDUSTRY, BUT ALSO AN INCREASE IN THEIR PRESENCE ALONG 2,000 KILOMETERS OF THE SOUTHERN MEDITERRANEAN LITORAL THAT WOULD PROVE "A CONTINUAL HEADACHE FOR US ALL. THIS SHOULD CONCERN YOU." SENATOR

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PAGE 003

NC 7758895

TOR: 061307Z JAN 82

WONDERED IF THE SOVIETS AND THEIR SATELLITES POSSESS THE TECHNOLOGY THAT WOULD ENABLE THEM TO REPLACE THE WITHDRAWN AMERICANS ADEQUATELY. HE THOUGHT CERTAIN WESTERN EUROPEAN NATIONS MIGHT BE ABLE TO SUPPLY THIS KIND OF EXPERTISE BUT HE HOPED THEY WOULD NOT RUSH TO CONTRIBUTE SUCH SKILLED RESOURCES TO QADHAFI. MUBARAK SAID HE WAS NOT CERTAIN THAT THE EASTERN BLOC COULD PROVIDE THE NECESSARY TECHNOLOGY. HE REITERATED, HOWEVER, HIS FEAR THAT IF THE SOVIETS COULD ASSERT FULL CONTROL OVER THE LIBYAN OIL INDUSTRY, THEY WOULD BE IN A POSITION TO CONTROL QADHAFI TOTALLY--OR EVEN REMOVE HIM AND INSERT A MORE PLIANT AND PREDICTABLE CLIENT IN HIS PLACE. "IS THIS WHAT WE WANT?" IN MUBARAK'S VIEW, SUCH A DEVELOPMENT WOULD BE EXTREMELY DAMAGING TO U.S. AND WESTERN INTERESTS.

4. SENATOR UNDERTOOK TO SHARE MUBARAK'S CONCERN WITH AMBASSADOR REED IN RABAT, NOTING THAT THE KING HAD GIVEN HIM SOME INTERESTING INSIGHTS INTO QADHAFI'S CHARACTER. HE PROMISED THAT THE USG WOULD TAKE MUBARAK'S CONCERNS FULLY INTO ACCOUNT. MUBARAK SAID HE HOPED WE UNDERSTAND THAT QADHAFI REPRESENTS A VERY IMPORTANT AND DELICATE PROBLEM FOR ALL OF US, SINCE SOVIET ACTIVITIES IN LIBYA, AS IN OTHER SENSITIVE PARTS OF THE WORLD, CONSTITUTE A "CANCER".

5. IN RESPONSE TO SENATOR PERCY'S REQUEST FOR HIS THOUGHTS ON THE POLISH SITUATION, MUBARAK OBSERVED THAT U.S. SANCTIONS, IF NOT SUPPORTED BY THE EUROPEANS, ARE NOT LIKELY TO PRODUCE GOOD RESULTS. HE VIEWED THE WEST EUROPEANS AS "TERRIFIED" OF THE SOVIETS AND THERE-

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FORE AS SOMETHING OF A PROBLEM FOR THE U.S. IN ITS APPROACH TO THE POLISH QUESTION. SENATOR NOTED THAT THE WEST GERMANS HAD SEEMED PREPARED TO JOIN US IN A SANCTIONS EFFORT IF SOVIET TROOPS ARE USED IN POLAND, BUT THAT NO ONE HAD PLANNED FOR A SITUATION IN WHICH ARMED FORCE IS BEING USED AGAINST THE POLES BY THEIR OWN GOVERNMENT. THIS, HE SAID, GETS THE EUROPEANS

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PAGE 004

NC 7758895

TUR: 061307Z JAN 82

CONVENIENTLY OFF THE HOOK.

6. IN RESPONSE TO MUBARAK'S QUERY ABOUT WHETHER THE SOVIETS MIGHT YET SEND TROOPS INTO POLAND, SENATOR SAID HE THOUGHT NOT. IN HIS VIEW, SOVIET LEADERS REALIZE THEY HAD TOTALLY MISCALCULATED THEIR INVOLVEMENT IN AFGHANISTAN--HAVING MISJUDGED THE TEMPER OF THE REACTION BY THE U.S. AND ITS ALLIES AND HAVING PUT THEMSELVES IN A MOST DIFFICULT POSITION ON THE GROUND. SENATOR BELIEVED THAT, ON THE BASIS OF THIS EXPERIENCE, THERE IS LITTLE ROOM FOR MISCALCULATION BY THE SOVIETS REGARDING THE CONSEQUENCES THAT WOULD FLOW FROM ANY INJECTION OF SOVIET FORCES INTO POLAND. THEY WOULD NOT ONLY FIND CHINA AND THE THIRD WORLD ARRAYED AGAINST THEM; THEY WOULD ALSO REALLY "BLOW IT" WITH THE U.S. IN TERMS OF ARMS LIMITATIONS NEGOTIATIONS AND OTHER ASPECTS OF AMERICAN-SOVIET RELATIONS THAT ARE OF SIGNIFICANT IMPORTANCE TO THEM. SENATOR OBSERVED, HOWEVER, THAT THE USSR'S STRATEGY OF DIVIDING THE U.S. FROM ITS ALLIES ON THE POLISH QUESTION SEEMS TO BE WORKING SO FAR.

7. MUBARAK SUGGESTED THERE IS A BIG DIFFERENCE BETWEEN THE SITUATIONS IN POLAND AND AFGHANISTAN. SENATOR ACKNOWLEDGED THIS AND REITERATED HIS COMMENT THAT SOVIET STRATEGY REGARDING POLAND SEEMS TO BE WORKING SO FAR. MUBARAK SAID HE BELIEVES THE USSR WILL NEVER LET POLAND ESCAPE FROM COMMUNIST DOMINATION, SINCE THIS WOULD DEAL A DEADLY BLOW TO SOVIET INFLUENCE THROUGHOUT EASTERN EUROPE. IN HIS VIEW, THE SOVIETS WILL DO ANYTHING, INCLUDING THE USE OF THEIR ARMED FORCES IF NECESSARY, TO SMASH POLISH RESISTANCE. HE SAW THEIR RESORT TO ARMED INTERVENTION AS BEING MERELY A MATTER OF TIME. SENATOR MAINTAINED HIS VIEW THAT THE USSR WILL AVOID DIRECT EMPLOYMENT OF SOVIET FORCES IN POLAND AS MUCH AS IT POSSIBLY CAN, BUT HE AGREED THAT THE SOVIETS WOULD NOT HESITATE TO INTERVENE EVENTUALLY SHOULD THEY CONCLUDE THAT THE POLISH "CANCER" CANNOT BE CURED IN ANY OTHER WAY. HE NOTED THAT THE SOVIET UNION ITSELF IS NOT IMMUNE TO THIS DISEASE, GIVEN THE TERRIBLE SHAPE OF ITS ECONOMIC AND POLITICAL SYSTEM.

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PAGE 005
TOR: 061307Z JAN 82

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MUBARAK RESPONDED THAT HE VIEWS THE SITUATION SOMEWHAT DIFFERENTLY: THE SOVIETS CANNOT AND WILL NOT TOLERATE LIBERAL CHANGES IN POLAND. SENATOR REITERATED HIS VIEW THAT FOR THE TIME-BEING AT LEAST, THE USSR HAS REASON TO THINK IT MAY NOT BE COMPELLED TO INTERVENE MILITARILY IN POLAND.

8. OTHER PORTIONS OF SENATOR PERCY'S CONVERSATION WITH PRESIDENT MUBARAK (DEALING WITH THE ME PEACE PROCESS AND U.S.-EGYPTIAN BILATERAL RELATIONS) ARE BEING REPORTED VIA SEPTELS. PRECHT

END OF MESSAGE

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